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**Docket Control**

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

AZ CORP COMMISSION  
DOCUMENT CONTROL

Legal Department

Name: Craig A. Marks  
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E-Mail: Craig.Marks@amwater.com

**August 22, 2005**

**Re: Arizona-American Water Company  
Docket No. W-01303A-05-0405**

Dear Sir or Madam:

Enclosed for filing are an original and 13 copies of a letter from the Paradise Valley Town Manager in support of Arizona-American Water Company's proposed capital expenditures to improve fire-flow capabilities in the Town. The Town acknowledges that:

1. The Town has requested the fire-flow improvements;
2. There will be a substantial rate increase needed to fund the improvements;
3. The improvements are needed to reduce the risk to life and property; and
4. The sooner these improvements can get underway, the better.

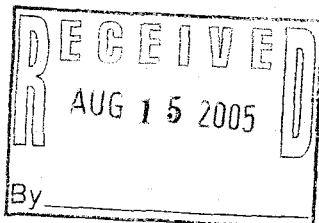
Very truly yours,

Craig A. Marks  
Corporate Counsel

Cc: ALJ Dwight D. Nodes  
Steven Olea - ACC  
Timothy Sabo - ACC  
Dan Pozefsky - RUCO

Enclosures

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OFFICE OF: TOWN MANAGER

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TOWN OF PARADISE VALLEY, ARIZONA 85253-4399

PHONE: (480) 948-7411

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TDD: (480) 483-1811

August 10, 2005

Brian K. Biesemeyer, P.E.  
Operations Manager, Arizona-American Water Company  
15626 North Del Webb Blvd.  
Sun City, AZ 85351

Re: Water System Improvements

Dear Mr. Biesemeyer:

Over the past several years, the Town, your company and our other two water providers completed an interesting, productive and highly successful planning process relating to fire flow capabilities needed to ensure the safety of Town residents. The Town has been pleased with the public dialogue relating to the need to make substantial water system improvements for fire protection.

Since completing the planning process, the Town's three water providers have begun implementing a fire flow improvement program through their capital budgets. Arizona-American Water has been especially proactive in addressing these immediate needs, by stepping forward, prior to a rate adjustment, and completing the Jackrabbit-Invergorden Main Replacement and the Tatum-McDonald Realignment.

As the original requestor of these water system improvements, the Town understands that there is likely to be a substantial impact to our constituents', (your customers') rates. Your success at the Corporation Commission will ultimately dictate whether the fire flow improvements are included in your capital budget. It is important to note that, without these improvements, the risk to life and property would continue into the distant future, which is an unacceptable long-term risk to the Town. The sooner the improvement program can get underway the better; Town residents' safety and the protection of their property is highly dependent on this program.

As I have stated in the past we have enjoyed Arizona-American's proactive efforts and cooperation, and we know this will continue into the future. If we can be of any assistance as Arizona-American moves forward with the improvement program, please do

Brian K. Biesemeyer, P.E.

August 10, 2005

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not hesitate to call on us for support. Thank you again, and we look forward to your continued service to our community and its residents.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas M. Martinsen". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

Thomas M. Martinsen  
Town Manager

TMM/nm